

**Notice on Hong Kong Investor Identification Regime,
Over-the-counter Securities Transaction Reporting Regime
and Fast Interface for New Issuance**

Dear Client,

The Securities and Futures Commission (**SFC**) has introduced an investor identification regime (**HKIDR**) at trading level for the securities market in Hong Kong and an over-the-counter securities transaction reporting regime (**OTCR**) for shares listed on The Stock Exchange of Hong Kong (**SEHK**). HKIDR and OTCR have been launched on 20 March 2023 and 25 September 2023 respectively.

In addition, Hong Kong Exchange and Clearing Limited (**HKEx**) has launched FINI (Fast Interface for New Issuance) on 22 November 2023 to comprehensively streamline and digitalize Hong Kong's IPO settlement process. Following the launch of FINI, we are allowed to identify subscribers for shares in public offers with the BCAN (as defined below) assigned to the relevant clients under HKIDR and OTCR to Hong Kong Securities Clearing Company Limited (**HKSCC**).

Under the HKIDR, when an order is submitted or arranged to be submitted to the trading system of SEHK for execution or where an off-exchange trade is reported to SEHK (**OE Trade Reporting**) by an Exchange Participant according to SEHK's Rules of the Exchange, the order or OE Trade Reporting would be required to include an identification code, namely a "Broker-to-Client Assigned Number" (**BCAN**), assigned to the relevant client. Further details on the HKIDR, copies of the SFC's Consultation Paper and Consultation Conclusions, Information Paper, Code of Conduct (as defined below) and FAQs are available from www.sfc.hk.

Provision of client's data to SEHK, SFC and HKSCC

Please note that by doing or continuing to do business with us, you **agree, confirm and acknowledge that** we may collect, store, process, use, disclose and transfer data relating to you (including your CID and BCAN(s)) as required for us to provide services to you in relation to securities listed or traded on the SEHK and for complying with the rules and requirements of the SEHK and the SFC in effect from time to time. Without limiting the foregoing, this includes –

- (a) disclosing and transferring your data (including CID and BCAN(s)) to the SEHK and/or the SFC and/or the HKSCC in accordance with the rules and requirements of the SEHK, and the SFC, and the HKSCC in effect from time to time;
- (b) allowing the SEHK to: (i) collect, store, process and use your data (including CID and BCAN(s)) for market surveillance and monitoring purposes and enforcement of the Rules of the SEHK; and (ii) disclose and transfer such information to the relevant regulators and law enforcement agencies in Hong Kong (including, but not limited to, the SFC) so as to facilitate the performance of their statutory functions with respect to the Hong Kong financial markets; and (iii) use such information for conducting analysis for the purposes of market oversight;
- (c) allowing the SFC to: (i) collect, store, process and use your data (including CID and BCAN(s)) for the performance of its statutory functions including monitoring, surveillance and enforcement functions with respect to the Hong Kong financial markets; and (ii) disclose and transfer such information to relevant regulators and law enforcement agencies in Hong Kong in accordance with applicable laws or regulatory requirements; and
- (d) providing BCAN to HKSCC allowing HKSCC to: (i) retrieve from the SEHK (which is allowed to disclose and transfer to HKSCC), process and store your CID and transfer your CID to the issuer's share registrar to enable HKSCC and/ or the issuer's share registrar to verify that you have not made any duplicate applications for the relevant share subscription and to facilitate IPO balloting and IPO settlement; and (ii) process and store your CID and transfer your CID to the issuer, the issuer's share registrar, the SFC, the SEHK and any other party involved in the IPO for the purposes of processing your application for the relevant share subscription or any other purpose set out in the IPO issuer's prospectus.

You also agree that despite any subsequent purported withdrawal of consent by you, your data may continue to be stored, processed, used, disclosed or transferred for the above purposes after such purported withdrawal of consent.

Failure to provide personal data or consent as described above may mean that we will not, or will no longer be able to, as the case may be, carry out your trading instructions or provide you with securities related services (other than to sell, transfer out or withdraw your existing holdings of securities, if any), and your IPO application may not be accepted under FINI.

Treatment as Relevant Regulated Intermediary or non-Relevant Regulated Intermediary

Pursuant to the new paragraph 5.6(d) of the SFC's Code of Conduct for Persons Licensed by or Registered with the Securities and Futures Commission (as amended from time to time, the **Code of Conduct**), where an on-exchange order or off-exchange order is carried out through an intermediating chain of brokers, the last relevant licensed or registered person (as defined below) in the chain (starting with the exchange participant executing the order and working backwards), whose direct client is not a relevant licensed or registered person, shall be the party responsible for assigning the BCAN, collecting the client identification data as described in paragraph 5.6 of the Code of Conduct (**CID**), preparing the data file containing the BCAN and CID of all clients of a relevant licensed or registered person in the format prescribed by SEHK from time to time (**BCAN-CID Mapping File**) and submitting the BCAN-CID Mapping File to SEHK either directly or indirectly through another relevant licensed or registered person.

In order to comply with the new paragraph 5.6(d) of the Code of Conduct, the SFC has stated that a "Relevant Regulated Intermediary" (**RRI**) (as defined below) should assign BCANs to its Relevant Client(s) if such RRI is the last RRI in an intermediating chain of brokers and if its Relevant Client is not an RRI. If such RRI is not the last RRI in an intermediating chain of brokers, the orders received by such RRI should already carry a BCAN of its Relevant Client who is an RRI (a **RRI Relevant Client**) and such RRI Relevant Client should take reasonable steps to ensure that the relevant BCAN (and, if applicable, the specific code prescribed by SEHK) is assigned and tagged to such RRI Relevant Client's order and that this BCAN (and, if applicable, the specific code prescribed by SEHK) would be transmitted to the next RRI in the intermediating chain of brokers. Please refer to the [FIX Trading Community Recommended Practices](#): BCAN ID using FIX for HKIDR for further information on communicating a BCAN under the HKIDR using FIX Fields.

Please note that, the following terms in this notice:

- **"relevant licensed or registered person"** is defined, as of the date of this notice, as "a SFC licensed or registered person which (1) submits (or arranges to submit) for execution an on-exchange order; (2) carries out an off-exchange order; or (3) conducts OE Trade Reporting, in connection with its carrying out any of the specified activities"; and
- **"Relevant Regulated Intermediary" or "RRI"** is defined, as of the date of this notice, as "a SFC licensed corporation (**LC**) or registered institution (**RI**) which (i) carries out proprietary trading, or (ii) provides securities brokerage services for another person in respect of orders placed through an account opened and maintained for that person". The term "RRI" is used to refer to those LCs and RIs subject to the obligations under the HKIDR.

By doing or continuing to do business with us, you **agree, confirm and acknowledge that:**

- (a) **where paragraph 5.6(d) of the Code of Conduct applies and/or where you are a "RRI" or "relevant licensed or registered person" (as applicable and as each term is defined in the applicable SFC rules or guidelines)**, the relevant member of China Renaissance Group and/or its affiliate(s) (including, without limitation, China Renaissance Securities (Hong Kong) Limited and China Renaissance Broking Services (Hong Kong) Limited) (together, **"we"** or **"us"**) (A) will treat you as an RRI or relevant licensed or registered person (as applicable) for the purposes of the Code of Conduct; and (B) will pass on the relevant BCAN assigned and tagged by you as an RRI or relevant licensed or registered person (as applicable) to an order (and, if applicable, the specific code prescribed by the SEHK) and received by us as an RRI in an intermediating chain of brokers

unaltered and otherwise in accordance with the Code of Conduct; and (C) if applicable (and unless otherwise agreed between us), may, without further notice to you and in our sole and absolute discretion (notwithstanding any terms of dealing or agreements otherwise agreed with you), reject or otherwise refuse to execute an order where you have not assigned and tagged a relevant BCAN (and if, applicable, the specific code prescribed by the SEHK) to such order in order for us to comply with applicable rules and regulations; and (D) if applicable, require you to notify us of any updates to your CID in accordance with the applicable requirements under the Code of Conduct. Please further note the requirements under the Code of Conduct for a relevant licensed or registered person to comply with all applicable Rules of the Exchange and other requirements prescribed by the SEHK in relation to the assignment of BCANs and the submission of BCAN-CID Mapping files, including without limitation, the notification of any changes, errors or omissions.

- (b) **where paragraph 5.6(d) of the Code of Conduct applies and/or where you are not a “RRI” or “relevant licensed or registered person” (as applicable and as each term is defined in the applicable SFC rules or guidelines)**, we shall be the party responsible for assigning and tagging the BCAN to the relevant order in accordance with paragraph 5.6(d) of the Code of Conduct and submitting your CID¹ to relevant regulators by submission of BCAN-CID mapping files; and
- (c) we will rely on your confirmation with respect to (a) or (b) above (as applicable) in order to comply with applicable regulations and we shall not be liable to you in the event that your confirmation with respect to (a) or (b) above (as applicable), or, in the absence of confirmation from you, our determination of your RRI status, is or becomes inaccurate, untrue or incomplete or otherwise in contravention of the applicable rules and regulations (including, without limitation, any requirements under the Code of Conduct); and
- (d) you shall inform us promptly in the event that the confirmation with respect to (a) or (b) above (as applicable) ceases to be true or accurate.

If you have any questions, please contact your Sales Representative or Enquiry Hotline at (852) 2287-1610 or by email to ClientOutreach@chinarenaisance.com.

For and on behalf of

China Renaissance Securities (Hong Kong) Limited

Last update: November 2023

¹ CID for corporate/institution includes, but not limited to, the client name, identity document's issuing country or jurisdiction, the identity document number on the following identity documents in sequence of priority: Legal Entity Identifier (LEI), certificate of incorporation, business registration certificate or any other equivalent document.